GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4149
ANSWERED ON:23.03.2001
MANIPULATION IN STOCK MARKET
SULTAN SALAHUDDIN OWAISI

Will the Minister of FINANCE be pleased to state:

(a) whether SEBI conducted its investigation in scripof sterlite and two other firms following allegation of manipulation in the wake of sudden payment crisis in June, 1998;

(b) if so, the outcome thereof;

(c) whether the Government have considered the probe into charges of price manipulation in the scrip of Sterlite industries before handing over BALCO to it;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b): SEBI has intimated that they conducted investigations into price manipulation in the scrips of BPL Ltd., Videcon International Ltd. and Sterlite Industries in June, 1998. The investigations, prima facie, revealed that prices of the scrips of the aforesaid companies were manipulated by Harshad Mehta in connivance with the companies. Pursuant to investigations, show cause notices were issued to Harshad Mehta, his connected entities, BPL Ltd., Videcon International Ltd. and Sterlite Industries and some of the directors of these companies, asking them to show cause why suitable directions including directions prohibiting them from accessing the capital market and dealing in shares for a suitable period should not be issued to them, under Section 11 B of the SEBI Act, 1992, read with Regulation 11 of SEBI (Prohibition of Fraudulent & Unfair Trade Practices) Regulations, 1995. Further, proceedings, which are of quasi-judicial nature, are in progress.

(c) to (e): Information is being collected and will be laid on the Table of the House.